



Audit Quality in Practice: A Study of Perceptions of Auditors, Audit Committee Members and Quality Inspectors

Sanaz Hadji

Ph.D. Student, Department of Accounting, Semnan Branch, Islamic Azad University, Semnan, Iran
Sanaz_hadji@yahoo.com

Khosro Faghani Makrani

Associate Professor, Department of Accounting, Semnan Branch, Islamic Azad University, Semnan, Iran
"Corresponding author"
faghanimakranikhosro@gmail.com

Naghi Fazeli

Assistant Professor, Department of Accounting, Semnan Branch, Islamic Azad University, Semnan, Iran
fazeli.n@gmail.com

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ABSTRACT

Research Objective: To design a pragmatic or action-oriented model of audit quality based on the model of the Financial Reporting Council of England from the perspective of audit committee members, quality control reviewers, and auditors. Due to the lack of a specific and coherent basis in this regard, the content analysis structure process was used to identify the dimensions of the issue.

Research Method: The target population included interviews with 30 experts and the completion of 100 questionnaires by members of the above three groups during the years 2019 to 2022. For content analysis, in the first three preliminary stages, content evaluation, title and analysis were performed to determine the extent of similar research in the time frame of 2018 to 2021. 12 approved studies were fitted through 10 critical appraisal criteria.

Findings: 6 overarching themes, individual functions in auditing, effective functions in auditing, partner in auditing, reporting in auditing, culture in auditing, and institutional functions in auditing were identified as the main bases of audit quality based on the Financial Reporting Council model.

Conclusion: Based on the interpretive ranking analysis, the individual functions in auditing, including 5 organizing themes of auditor personality, auditing knowledge, auditor competence, auditor experience, and auditing commitment, were determined as the most influential criteria of pragmatic quality in the auditing profession from the perspective of the above three groups.

Keywords: Model of Audit Quality, Audit Quality, Quality Control Committee, Measuring Quality in Practice.

1. Introduction

This research evaluates the way auditors, as key participants in the audit process, audit committee members, and quality control reviewers make sense of the concept of audit quality, which can affect the performance and evaluation of auditors' duties and responsibilities. It also considers these concepts in a wider institutional and social context. The concepts of audit quality have been widely tested in research studies that examine the relationship between observable indicators of audit quality, such as audit firm size or auditor industry specialization, and measures of financial reporting quality, such as the issuance of modified audit reports or the quality of reported earnings (Sangani & hadji, 2015). In these studies, the concepts of audit quality have been defined normatively, and the indicators of audit quality have been limited to the observable dimensions of the resulting financial reports, rather than the content of the audit process itself. Consequently, we know less about how auditors conceptualize the meaning of audit quality, or what this term means in audit practice - that is, the behaviors and characteristics that link auditing professionals with audit quality. Additionally, there is limited information about the understanding of audit committee members and quality control reviewers of these concepts and how they emerge in the audit quality evaluation process. From an economic perspective, audit services reduce agency costs by providing assurance on financial statements. The assurance process involves gathering and evaluating evidence to form a professional opinion or judgment on the financial statements. The outcome of this process is the auditor's opinion, which is expressed in the audit report and is believed to strengthen the credibility and quality of the financial statements. It can be argued that the value of audit services depends on the form of the expert opinions issued by the auditors. Consequently, the value of the audit expert opinion depends on the quality of the audit process performed by the auditors. Audit quality is important because it affects the credibility and reliability of the audit opinion. If auditors perform poorly, the opinion expressed on the audited financial statements can be misleading, with definite consequences for the economic decisions of users. Concerns and considerations related to audit quality and the factors affecting this quality have long been significant topics in theoretical, professional, and regulatory discussions

about auditing. The goal of strengthening audit quality has been the foundation for the development of standards, and doubts about the quality have led to research and other actions taken by regulatory bodies (such as the Assurance Standards Committee, 2000, FRC a2006, b2006). Most of the research literature on audit quality relies on the definition provided by DeAngelo (1981), who defined audit quality as "the market's assessment of the probability that the auditor: 1) will discover a misstatement in the client's accounting system, and 2) will report the discovered misstatement." The probability that the auditor will discover material misstatements depends on the auditor's competence, and the probability that the auditor will report the discovered material misstatements depends on the auditor's independence. That is, the auditor must have both the technical competence to identify any material distortions during the audit, and the independence to ensure the correction or disclosure of those in the auditor's report. DeAngelo also argued that since evaluating audit quality is costly, less expensive substitutes or indicators, such as firm size and reputation, are used as proxies for audit quality. Research studies have extensively used these substitute indicators to test the effects of auditors' independence and competence. However, the dominance of a functionalist or positivist approach may limit our understanding of actual audit operations. There is limited evidence on the understanding of audit committee members and quality control reviewers of the term "audit quality," and how these parties, who are responsible for overseeing the audit process and financial reporting, evaluate the quality of work performed by independent auditors.

2. Literature Review

In the following, the results of the studies conducted in Iran and outside Iran are presented.

2-1. Studies conducted outside Iran

Khaled Isam AL-Qatamin1 and Zalailah Salleh (2023), in their study titled " Audit Quality: A Literature Overview and Research Synthesis" addressed how Literature on audit quality remains plenteous, with researchers contemplating the area for 'forever and a day'. The present study proposes synthesising the existing literature on audit quality, discerning the prominent themes and providing future research

avenues. This paper attempts to analyse and synthesise the dynamics of audit quality research by employing the diminuendos of systematic literature review with bibliometric and content analysis. Scopus database has been gleaned to systematically retrieve the literature on audit quality from 1981-2022. Analysing the 1101 relevant articles under review makes the USA the highest contributor. It is, however, enthralling to note that developing countries have also registered increased interest in the topic. Apart from the other documented findings, the study concluded that research has witnessed impeccable growth over the years under various lenses, which have been precisely synthesised into six clusters. While various reviews have been conducted using innumerable qualitative methods, this study attempts to employ quantitative methods to synthesise the extant literature, which is a rarity. Haddad and Lovelady (2022), in their study titled "Why and How Auditors' Social Relationships and Exchanges with Firms, Colleagues, and Clients Influence Their Attitudes and Behaviors: Implications for Audit Quality," addressed how (a) constructive communication can be developed and lead to beneficial outcomes such as reduced auditor burnout and turnover and citizenship behavior, and (b) how this can impact audit quality. They emphasized the key role of the audit partner's fair behavior in creating a strong psychological bond. They also stated how auditors' commitment to the firm's goals can lead to desirable organizational outcomes, including increased audit quality. Detzen et al. (2021), in their study "Different Dimensions of Audit Quality: A Review of the Academic Literature," reviewed the various concepts of audit quality. Referring to the need to provide audit quality indicators, they showed that audit quality has different meanings for different individuals. The previous literature largely acknowledges the multifaceted nature of audit quality, which is influenced by a combination of individuals, motivations, and processes that shape the quality of audit services provided by auditors. Hay et al. (2019), in their study "Evaluating the Impact of the New Auditor's Report," examined the impact of changes in the auditor's report on audit quality and audit fees in New Zealand. They showed that the new auditor's reports will be accompanied by improvements in quality through a reduction in unusual accruals after the adoption of the new auditing reporting requirements, and a significant increase in audit fees.

Eldaly et al. (2018), in their study "How Can Public Trust in Audit Firms Be Restored? A Case Study of the Financial Reporting Council," identified three main strategies to enhance trust and increase auditor selection in the UK audit market. They stated that audit committees can gain a better understanding of the criteria needed to improve the auditor selection process. Additionally, it helps auditors better understand the current audit regulations and improve their effective implementation. Baah et al (2018), in their study "How Do Auditors Think About Audit Quality? - A Fresh Perspective on an Old Issue," used a survey to investigate auditors' views on audit quality. Based on the proposed model, the level of auditor independence, integrity, and objectivity affect audit quality. Additionally, individual auditor characteristics have a positive impact on audit quality. They showed that the perceptions of audit professionals regarding the factors affecting audit quality should be identified and considered in order to achieve desirable auditing.

2-2. Studies in Iran

Molaei et al. (2022), in a study titled "Explaining and Validating the Model of Improving Audit Quality with a Focus on Internal and External Components in Iran", showed that five categories of factors: 1) Causal factors (including factors related to the audit team, factors related to the audit firm, factors related to stakeholders, and factors related to the profession), 2) Contextual factors (including access to the company's financial information resources, transparency of the company's economic information, independence of the audit team and firm, and the degree of complexity of the company's business activities), 3) Intervening factors (including the reputation and credibility of the audit firm and potential pressures on auditors), 4) Strategies (including automating the audit process, establishing an effective quality control system in the firm, creating a support mechanism to maintain auditor independence, effective interaction of regulatory and professional policy-making institutions with audit firms, and empowering and training auditors), and 5) Consequences (including improving accounting quality, contributing to the development of the capital market, and increasing the credibility of audit firms) were identified as factors affecting the formation of the audit quality model. Aghaei et al. (2020), in a study titled "Audit Quality Measurement Model", investigated the factors affecting audit quality and

showed that the factors affecting audit quality include policy-making, supervision, and operations (including input, process, and output categories) with a systematic approach. The dimensions of the independence of the Supreme Audit Council, financial reporting requirements, size of audit firms, industry auditor, audit fees, corporate governance system, agents, development of various industry guidelines, auditors' perception of governance, use of information technology, and the establishment of a professional regulatory body form the conceptual model of audit quality. According to the research results, audit quality has a moderately positive and significant relationship with policy factors in the audit profession, and a strongly positive and significant relationship with audit operations. Also, in terms of operational factors, audit quality has a strongly positive and significant relationship with inputs, a strongly positive and significant relationship with processes, a moderately positive and significant relationship with outputs, and finally a positive and significant relationship with supervisory factors. Shiri and Esmaeilzadeh (2021), in a study titled "Presenting a Proposed Model of Operational Audit Quality in the Iranian Public Sector with a Grounded Theory Approach", presented a model for operational audit quality in the Iranian public sector, considering the environmental characteristics and prevailing conditions in the country. They investigated the factors affecting the quality of operational auditing and ultimately presented the "Integrated Model of Operational Audit Quality in Iran", including causal conditions, intervening factors, context, as well as strategies for achieving operational audit quality and their consequences. In this research, the quality of operational auditing was examined using a systemic approach and with a view to all the components of the system governing the Iranian public sector system. With the help of the systemic approach, which includes inputs, processes, outputs, was designed results (consequences) and contextual factors, the audit quality model, and the categories that emerged within it were presented. Hamisian et al. (2021), in a study titled "Developing a Model of Audit Documentation Quality with a Grounded Theory Approach", designed an audit model with a grounded theory approach. The research results showed that the quality of auditing and its evaluation have a complex and multifaceted nature, and in addition to the personal and individual

characteristics of the auditor, they are also influenced by the micro and macro environment surrounding the auditing field. Accordingly, in order to comprehensively examine the subject, various aspects have been considered in the development of the audit quality model. Karami et al. (2019), in a study titled "Designing an Audit Quality Model Based on the Financial Reporting Supply Chain", studied the identification of the components affecting audit quality, which is the result of the financial reporting cycle, using the financial reporting supply chain areas, as it includes all stakeholders. The results showed that the components affecting the quality of auditing can be classified into the main dimensions based on the components of the financial reporting supply chain, including "organizational structure and governance, internal control system, professional standards and regulations governing financial reporting, preparers and publishers of financial reports, set of financial statements, general competence of financial statement users, structure of audit firms, implementation of operations and reporting on financial statement assurance, the profession and the audit market". Other findings indicate many effective components in different dimensions to increase audit quality in Iran. Nikbakht and Khoshrou (2017), in a study titled "Investigating the Factors Affecting Audit Quality in Iran Considering the Indicators of the Public Company Accounting Oversight Board (PCAOB)", presented a model to examine audit quality considering the systemic factors affecting it. They had a process-oriented and systemic view of the issue and presented the potential indicators, including input, process and audit outcome factors, as PCAOB indicators. They also showed that the greatest impact on audit quality stems from the indicators of average work experience, industry expertise and experience, timing and working hours of partners, managers and quality review in relation to the total audit work, indicators related to independence and compliance with those indicators, restatement of financial statements and its impact on the market, partners' and senior managers' workload and frequent turnover. These indicators collectively account for nearly 80% of the cumulative percentage of the indicators in the current study. It is important to note that in previous researches, only limited indicators of audit quality such as the size of the audit firm, audit fees and expertise in the industry have been evaluated, and various aspects of audit quality have

not been addressed. Also, the perspective of the main actors of quality measurement has not been paid attention to, and in foreign research, only one study related to Noor Adwa et al. (2013) has evaluated quality from the perspective of all groups involved in

quality measurement, such as auditors, quality control committee, and audit committee. A summary of other previous domestic research from 1389 to 1399 is presented in the following figure 1:

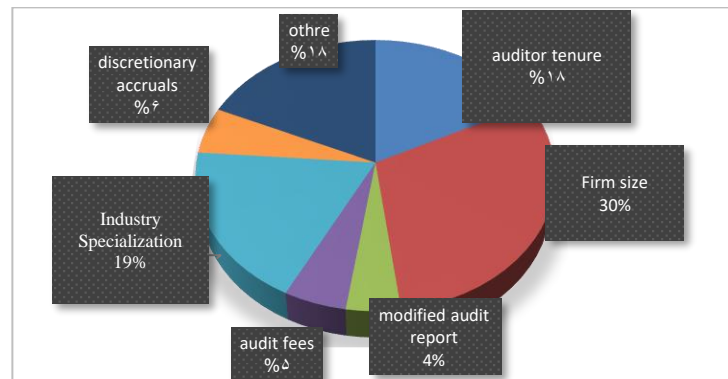


Figure 1: Frequency table of auditing research components

Based on Figure 1, a total of 26 components were used, and considering the repetition of some of them, the total frequency was 290 components. The six indicators of audit firm size, industry specialization, auditor tenure, accrual quality, audit fees, and the number of modified opinions in the audit report had the highest usage, auditing for 82% of the frequency. Let's discuss the issues with the use of these six most frequently used components:

The most widely used indicator, audit firm size, had a 30% frequency. Large audit firms are usually used as an indicator of audit quality. Audit firm size is considered a fixed characteristic of the auditor (at least within a reasonable time frame), and the client can consider this factor when selecting a quality auditor. Therefore, using this criterion in research is appropriate. However, its use should be done cautiously and in specific cases, as the Audit Organization (as the largest audit firm in Iran) is not necessarily of the highest quality in conducting audits due to its government ownership and management. Additionally, some studies in the Tehran Stock Exchange, such as those by Hassasyegane and Jafari (2016), Hassasyegane and Azinfar (2010), and Hoshi and Mazaheri-Fard (2013), have shown that there is no significant relationship or even an inverse relationship between audit quality and auditor size using the mentioned metric. Using zero and one codes, the focus

is on whether the auditor is public or private, and not on audit quality (Bani-Mahd et al. (2018)). In the following, it is discussed whether the audit organization really has the characteristics of a large auditor according to the theory of the size of the audit firm. The reality is that in most cases, both the audited entity and the auditor are government-owned or under government control. Therefore, the government's litigation against the Audit Organization as the controller of a government-owned client is inconceivable. Thus, one of the fundamental assumptions of the audit firm size theory, regarding the loss of significant benefits due to the non-detection and reporting of material misstatements in the client's financial statements, does not apply to the Audit Organization (Mohammadraisi et al. (2016)). According to the audit firm size theory, large audit firms can provide high-quality audit services because their personnel specialize in a particular industry and receive continuous and relevant training (O'Keefe et al. (1992)). Accordingly, it can be said that the Audit Organization, due to its diverse and numerous operations, can use some of its audit teams exclusively in a specific industry. Additionally, due to its sufficient knowledge and experience, the Audit Organization is more likely to provide its personnel with continuous relevant training. Large audit firms are also very sensitive to maintaining their reputation (Francis and

Wilson (1999)). The topic being discussed is how an audit firm can build a reputation for providing quality audit services to its clients over time. The response is that as the firm gains a reputation, its size also tends to expand. However, the large size of the Audit Organization (the largest audit firm in Iran) does not appear to be due to its reputation for providing high-quality audit services. Therefore, maintaining a reputation likely cannot be an effective factor that motivates the Audit Organization to provide high-quality audit services. Finally, since large audit firms have a large number of clients, they have significant bargaining power and can pressure the client's management (Lai and Watts (1994)). Table 1 shows that the number of clients of the Audit Organization is incomparable to any of the audit firms that are members of the Iranian Institute of Certified Public Accountants (even Mofid Rahbar as the largest private audit firm). Therefore, when most of the Audit Organization's clients are government-owned or semi-government, there is a fundamental doubt about maintaining audit independence (DeFond et al. (2014)). In summary, based on the four characteristics discussed in relation to audit firm size and its impact on audit quality, the Audit Organization appears to be distinct from the member firms of the Iranian Institute of Certified Public Accountants only in terms of providing continuous high-quality training to its personnel and specializing its audit teams (Mohammadraisi et al. (2016)).

The second most frequently used indicator is the industry specialization of the audit firm, with a frequency of 19%. Kend (2008) argues that firms with more experience and expertise in a particular industry provide more effective audits. Auditor industry specialization is usually measured by researchers using a market share approach. In this approach, it is assumed that by observing the relative market share of audit firms providing services to a particular industry, one can infer the industry-specific expertise of the audit firm. A firm with a larger market share is considered to have higher industry-specific expertise. This metric, introduced by Palmrose (1998), is also considered a relatively stable characteristic of the auditor, and the client can consider this in selecting a quality auditor. Regarding the weakness of this metric, Neal and Riley (2004) have stated that industry specialization of the auditor with a binary scale of 0

and 1 does not reflect the wide range of different levels of audit quality.

The third most frequently used indicator 18% frequency is based on the two-way relationship between client and auditor, namely auditor tenure or auditor rotation (change of auditor). Wang et al. (2008) argue that high-quality auditors are more likely to change their clients in order to maintain the quality of their audit performance. Generally, there are two opposing views on this issue. Some researchers are in favor of auditor rotation, while others support auditor tenure. Opponents of auditor tenure argue that the continuous selection of the same auditor can lead to the auditor becoming overly close to the client's management, which may have a negative effect on the auditor's independence and audit quality (Chen et al., 2004).

The fourth indicator is discretionary accruals with a frequency of 6%. The most widely used metric for measuring financial reporting quality is the quality of discretionary accruals based on the Jones model (1991). The Jones model (Francis et al. (1999) and DeFond et al. (2014)) estimates the volume of discretionary accruals. In these models, the higher the residuals from the model estimation for a company, the higher the level of discretionary accruals and the lower the audit quality. Other models have also been introduced, such as the modified Jones model (1995) and the Kothari et al. model (2005). Other metrics that fall into this group include the Dechow and Dichev model (2002), based on the calculation of accruals quality, and the Basu model (1997), based on the calculation and timely recognition of losses. Estimating models based on discretionary accruals requires sufficient time and great attention. One of the weaknesses of using financial reporting quality models is the error in measuring discretionary accruals. This means that the error values in these models do not necessarily represent discretionary earnings accruals. On the other hand, discretionary accruals constitute a very small percentage of total assets (Gul et al. 2003). Additionally, the existence of multiple models for calculating discretionary accruals indicates a lack of consensus among researchers on a common model. Therefore, it is necessary to control for various factors through appropriate variables when using these models (Dechow et al. 2014).

Some of the audit quality criteria, such as audit fees, result from the relationship between the auditor

and the client. Audit fees reflect the level of effort expended by the auditors, as an input factor in the audit process. The higher the fees paid to the auditors, the higher the quality of the audit execution. DeFond and Zhang (2014), stated that auditors are not unilaterally able to increase audit fees. Therefore, audit fees are an appropriate criterion from both the perspective of the audit service demander and the provider. Some studies, such as Deis and Gyroux (1992), have used audit hours as acriteria. One of the advantages of this criteria is that it captures a wide range of audit quality variations. Also, in some cases, the change in current year's audit fees compared to the previous year is used. In Iran, some companies listed on the Tehran Stock Exchange disclose audit costs in the operating expenses section. However, this criteria does not seem appropriate in the Iranian context, as the amount of audit contracts is more determined through negotiation rather than based on the volume of work (Bani mahd et al. (2018)). Regarding abnormal audit fees, some researchers such as Hribar et al. (2010), believe that the lower or higher the fees paid to the auditors compared to the normal and standard level, the lower the quality of the audit execution. As stated by Knechel et al. (2012), excessively low audit costs signal that the audit has been performed with less effectiveness. Stannus and Boone (2012), also stated that higher than normal audit costs indicate significant problems in the company's performance, which leads to a decrease in audit quality. Therefore, abnormal audit fees can be one of the audit qualities criteria.

The next criteria are the modified audit report. Managers always try to present the company's situation in a favorable and acceptable manner in the audit report. According to DeFond and Zhang (2014), audit quality is higher in companies with a modified audit opinion. This criterion is considered a reliable indicator by Lennox and Li (2012), as the auditor's opinion is directly influenced and controlled by the auditor and reflects the auditor's responsibility for the report. However, some studies, such as Yaghob-Nejad et al. (2021) and Bani mahd et al. (2018), believe that modified reports in Iran do not necessarily indicate audit quality (Bani mahd et al (2018)). One of the challenges in accurately measuring audit quality is the existence of different and sometimes contradictory definitions of the concept of audit quality. Operationalizing the concept of audit quality has always been accompanied by difficulties, and a unified

criterion accepted by various researchers has not yet been provided. In selecting a criterion for audit quality, it is necessary to pay attention to the reporting conditions in the Iranian stock market as well as the mechanisms for conducting audits in the institutions responsible for the audit process. On the other hand, despite the development of studies emphasizing the operational understanding of audit quality in its specific conditions, less attention has been paid to exploring how to construct the practical meaning of the concept of audit quality in the institutional and social environment of auditing. There is especially limited evidence on what audit quality means to those responsible for executing the audit process. There is also limited evidence regarding the understanding of audit committee members and quality control inspectors of the term "audit quality". Additionally, the question arises of how audit committee members and quality control inspectors, who are responsible for overseeing the audit process and financial reporting, evaluate the quality of work performed by independent auditors. These issues are the subjects of investigation in this research, and its goal is to strengthen the understanding of the practical and operational meaning of audit quality. The explanations provided in the further discussion indicate that three elements contribute to the structure of the meaning of audit quality in practice. Audit committee members are responsible for overseeing the performance of independent audits, which includes monitoring the auditor's independence, determining the timing and fees, and the effectiveness of the audit process. Therefore, this section pays special attention to the impact of the audit committee on audit quality and its impact on the performance of independent audits (FRC, 2010). The new corporate governance framework places greater emphasis on the importance of the relationship between independent auditors and the audit committee in achieving audit quality in practice. Previous research has shown varying results regarding the impact of audit committees on audit quality (Neal et al. 2000, Abbott et al. 2003, Lee et al. 2005, and Zani et al. 2007). Therefore, this research provides an opportunity to further examine how the concepts of audit quality are understood in terms of their performance and process, and their impact on audit performance and audit quality in the new audit environment. Therefore, the first research question is stated as follows:

Research Question 1: How is the concept of audit quality understood by key participants in the audit process?

The analyses show that only a few studies consider the social, organizational, and institutional dimensions in examining audit quality. Audit performance quality is also influenced by various internal and external factors in the audit. However, little is known about how the factors of the audit environment affect the construction of the concept of audit quality by key participants in the audit process. Minimal effort has been made to understand the potential impact of organizational and social factors in constructing the meaning of audit quality in practice. As a result, the second research question is stated as follows:

Research Question 2: What are the factors that influence the construction of the meaning of audit quality in practice?

There is limited information on the relationship between the meaning of audit quality and audit practices, and how it is interpreted in practice. In a few limited studies, the meaning of audit quality has been examined for auditors, audit committee members, and quality control inspectors, and their understanding in the implementation of the audit process. Therefore, this research aims to investigate the quality of auditing in practice by the main participants in the audit process, and the third research question is stated as follows:

Research Question 3: What is the meaning of audit quality in practice?

Finally, given the significant changes in the audit and corporate governance framework, the audit committee now has greater and clearer responsibility for

overseeing audit quality, as stipulated by the Corporate Governance Act. Additionally, there is currently more emphasis on the importance of the relationship between independent auditors and the audit committee in order to achieve audit quality in practice. The interaction between auditors and audit committee members and quality inspectors may potentially affect the achievement of audit quality in practice. Similar to the audit committee, quality control committee members have also been identified as a prominent group for overseeing the level of quality of audit services provided by audit firms. Despite significant advancements in the regulatory framework in recent years, the understanding of the impact of changes in the audit and governance framework on achieving audit quality in practice is not well understood. Therefore, in this research, with the aim of examining the impact of quality control committee members and the audit committee on audit quality, two other questions are formulated as follows:

Research Question 4: What are the quality indicators from the perspective of the audit quality control committee?

Research Question 5: What are the quality indicators from the perspective of the audit committee?

3. Methodology

Audit Quality Model

From the perspective of the Financial Reporting Council (2011), Knechel et al. (2013), Noor Adwa et al. (2013), and Banimahd et al. (2018), the indicators of audit quality can be classified into at least the groups mentioned in the conceptual model presented in Figure 2:

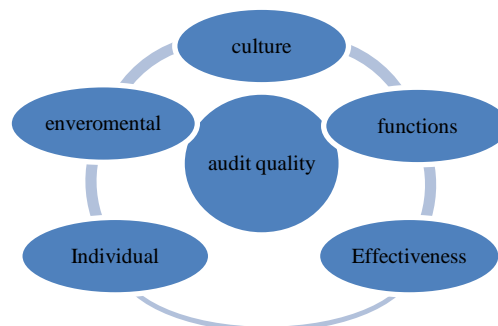


Figure 2: Conceptual Model of Audit Quality from the Perspective of the Financial Reporting Council (FRC)

The auditing profession is considered one of the most complex and disciplined professions in the world, and due to the type and nature of the services it provides, it also enjoys a high level of credibility and trust. The continuity of this credibility and trust, and its strengthening, depend on the intellectual and practical adherence of the members of the profession to the behavioral and ethical standards and the professional code of conduct (Kamolpattana, (2002)). Auditors, investors, professional organizations, and companies have expressed similar views on the issue that the culture of the audit firm is a significant risk factor for audit quality. There are many factors that currently have a negative impact on the audit culture. A factor affecting this issue in private audit firms is the issue of audit fees, which affects this matter. All groups of investors, auditors, companies, and professional organizations fully agree on the importance of the knowledge, skills, and personal characteristics of audit personnel for achieving audit quality. Improving audit quality requires relevant training (Lin and Yen, 2016). Part of this knowledge and skills are related to information gained in the academic and university fields, and another part includes workshop and experiential training during work. However, auditors must primarily be able to participate in teamwork and increase their level of conformity with the audit group and team. Previous research shows that industry-specialized auditors provide higher quality audit services. Kend (2008), states that auditor industry specialization includes generating constructive ideas to assist clients (Creation added value). Factors such as the characteristics of the audit team, technical support, audit methodology, auditing standards, and quality control methods contribute to the effectiveness of the audit process (FRC, 2007). Other factors affecting the effectiveness of the audit process include the use of a risk-based audit approach and the experience of the audit partners. The time budget for each audit engagement is initially determined based on the understanding of the audited unit and the schedule planned by the audit manager, and then the appropriate team composition is determined based on the risk and industry characteristics of the company, according to the various levels of auditing. In the event of any change in the aforementioned team and the intended levels, and the lack of replacement, the quality of the audit work will be negatively affected. Because in the case of lack of time and appropriate personnel, even

the direct involvement of the technical manager will not be effective. The experience of the audit team in the relevant industry and their previous knowledge of it, as well as their expertise in the company's field of activity, also contribute to the improvement of the audit work. The audit organization, due to its governmental structure, does not have the ability to hire personnel outside of governmental standards, and in the event of the departure of personnel, especially experienced personnel, from the said organization, it is practically impossible to replace them. Private institutions also face this issue due to the inability to increase salaries and reduce personnel costs, and the middle levels of the groups are effectively vacant. The level of trust in the auditor's report is considered one of the main drivers of audit quality, and the credibility and usefulness of the audit report are factors that attract investors' attention. It is believed that the accuracy and credibility of the auditor's opinion enhances the quality of the financial reports. For example, Robu and colleagues (2015), showed that the unqualified opinion of the Big Four audit firms is effective in increasing the informational content of the financial statements, and Cheung et al. (2018), showed that the opinion of the Big Six audit firms reduces the negative effect of market uncertainty on the financial decision-making and capital structure of clients. They suggested that the key elements to be considered in the audit report should be specified in the auditing laws and standards, and ultimately the structure and format of the audit report should be standardized, and there should be a formal supervisory group to review the submitted reports and the audit process. Some environmental factors exist that influence audit quality. For example, a framework for regulations governing audit quality should be established, according to which auditing is effectively conducted, and if there is an inadvertent deviation from laws and regulations, a system for monitoring the quality of audit work should exist so that there is always an effective dialogue between auditors and regulatory authorities (FRC, 2007).

Spatial and Temporal Scope of the Research and the Research Statistical Population

The spatial scope of this research is Iran. The time frame of this research is the interviews conducted from

2019 to 2022. Given that the purpose of this study is to examine the factors affecting audit quality, all officially practicing auditors in the auditing profession were considered as the study population, with the following characteristics:

- Core members of the Quality Control Committee of the Audit Organization and the Iranian Institute of Certified Public Accountants,
- Senior managers of the Audit Organization or partners of audit firms with more than 20 years of auditing experience and have been involved in the audit quality assessment process,
- Members of the Technical Committee of the Audit Organization,
- Members of the Steering Committee of the Audit Organization, and
- Members of the Audit Committees of companies, who were selected from among the auditors of audit firms due to the prohibition of Audit Organization employees from serving in these positions.

The participants in the qualitative section were 30 people, but due to the repetition and similarity of the

responses, ultimately 13 people were analyzed. 38.48% of the interviewees had work experience of less than 12 years, 30.76% had work experience of 12 to 18 years, and 30.76% had work experience of more than 18 years.

4. Findings of the research.

Data Collection and Analysis of Semi-Structured Interviews

The first group of respondents were audit experts. Audit partners or audit managers were selected from the list of members of the Iranian Institute of Certified Public Accountants and the Audit Organization. The second group consisted of members of the Audit Committees, and the third group consisted of quality control inspectors from the Iranian Institute of Certified Public Accountants and the Audit Organization. To extract the indicators, initially, all previous research and the summary report "Strengthening Audit Quality" reviewed by the Financial Reporting Council were examined (2011), and the desired indicators were extracted.

Table 1 presents a critical evaluation analysis

Total	Internal			Foreign research					Description	
	Nikbakht and Mahmoudi Khoshro	Hamsaian Kashani	Eldaly and Abdel-Kader	Kunehel et al	Israanavic Voitchindan on and	Robertson and Sammy	Robertson	Fira et al	Researchers Components	Number
5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	Audit culture function	1
5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Audit report function	2
1	<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>	Audit structure function	3
5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		Individual audit function	4
3	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				Auditing economic function	5
6		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Audit effectiveness function	6
3	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				The function of expectations in auditing	7
6		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Audit partner function	8
2	<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>	auditing knowledge function	9
5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	Institutional function of auditing	10

The interview question pattern included the following: 1) definition and concept of audit quality, 2) the role of the culture of the audit firm or organization, 3) supervision, governance and control, 4) personnel quality, 5) interactions between auditors and the audit committee, and 6) independence and methods of

judgment and auditing. The prepared questions were presented to three professional experts. Subsequently, a list of selected members for the interviews was prepared. The thematic analysis method based on the Attride-Stirling (2001), style was then used. Initially, in three preliminary stages, content evaluation, titling,

and analysis were carried out to determine the extent of similar research in the 2018 to 2021-time frame. Based on the screening, 12 studies (including 8 foreign studies and 4 domestic studies) could be used as the basis for evaluation. 10 critical appraisal method criteria were fitted to achieve a more coherent understanding of the nature of the research. In this section, 6 overarching themes were selected as the main foundations through theoretical screening of the approved research. Overarching themes include the supreme themes encompassing the text as a whole. In fact, all the dimensions of the organizing themes are separated into a larger unit in the form of overarching themes, and the selection of their names is based on the theoretical dimensions or relevant standards of the phenomenon under study. By creating 465 basic themes, 25 organizing themes, and 6 overarching themes, in a general classification, the total basic,

organizing, and overarching themes and the theoretical framework are presented in Figure 3 and Table 2, respectively:

Here, the institutional function refers to external oversight of the specialized domain and professional judgments, which can lead to clearer paths and greater integration in audit reports for users. The Financial Reporting Council considers the role of institutions in this area important for improving audit quality due to the continuous assessment of the social environment, changing expectations, and potential ways of structured or unintentional misstatements or violations by clients, and recommends that formal and informal institutions can help sustain the auditing profession at the macro level and improve audit quality at the micro level through holding meetings, exchanging information, and sharing knowledge (Eldaly and Abdel-Kader, (2018)).

Table 2: Breakdown of Audit Quality Themes in Practice

Basic themes				Organizing themes	Overarching themes
Professional identity	Professional response	Professional ethics	Professional philosophy	Code of professional conduct	The functions of culture in auditing
	Audit participation capabilities	Improving the collaborative ability of auditing	Sharing audit knowledge	Promotion of consultation between group members	
	structural values	Information flow feedback	Organizational Justice	Professional structure systems	
	Emphasis on the specific subject of audit	Adhering with the scope of work of audit attention	Adhering to the criterion of importance in commenting	Compliance with the standard report form	Reporting functions in auditing
	Internal control structure report	Report of legal functions	Tax performance reporting	Provide new information	
	Disclosure of mistakes in estimating the company's possible values	Auditor's ethical responsibility for admitting technical error after reporting	Re-evaluation of financial statements after the audit report	Report reliability	
	Disclosure of financial reserve discrepancies	Disclosure of optional aspects of the audit report	Continuous monitoring of audit on functional processes of the board of directors	The usefulness of the report	
	Communication with the governing bodies	Audit report quality control	Continuity of activity	Report integrity	
	Internal control source	Emotional stability control	Behavioral fit with professional characteristics	Auditor personality	Individual functions in auditing
	Scientific resume of the auditor	Passing auditor extra-service training courses	Auditor's university education	Audit knowledge	
	Inertia capability of the auditor	Auditor's emotional stability	Auditor industry expertise	Auditor's ability	
		Professional audit experience	Professional work of the auditor	Auditor experience	
	Spiritualism in the auditing profession	Increasing professional values	Adherence to ethical principles in the auditing profession	Auditor's commitment	

Basic themes				Organizing themes	Overarching themes
		Development of learning for problem solving	Use of specialized diversity	Audit team	Effectiveness functions in auditing
	Information security network systems	Management of information databases	Audit information systems	Technical support	
		Operational audit	Continuous assessment	Quality Control	
	Abstracting the company's financial procedures	Auditors' previous comments	Procedural interpretations of the owners	Risk-based auditing	
		Complying with the 701 audit standard	Compliance with audit standard 706	Disclosure of key items	Audit partner functions
	Psychological contract	Strengthen professional motivation	Participatory leadership in auditing	Leadership style of the audit partner	
		Audit working hours	Audit market share	Audit partner expertise	
	Effectiveness of professional negotiation	Compliance with the principle of professional confidentiality	Audit fees	Professional qualification of the audit partner	Institutional functions in auditing
	Audit supply and demand balance	Protecting the interests of shareholders	The need to obtain a professional certificate	Terms and Conditions	
	Impartiality and professional objectivity	Professional doubt	Professional independence	Auditing standards	
	Taking disciplinary action in the audit	Registration and licensing for audit institutions	Legal inspection in the audit	Institutional supervision	
Risk assessment of managers approval	Income and contracts	Impairment of goodwill and intangible assets	Periodic assessment of auditing standards	Audit perspective	



Figure 3: Theoretical Framework of the Pragmatic Model of Audit Quality

Findings of the Quantitative Research

To determine the most influential component of the audit quality model, interpretive ranking analysis was used to identify the point of intersection and the most influential component related to audit quality. Then, a Structural Self-Interaction Matrix (SSIM) was created, and an interpretive matrix was determined based on a comparison of row (i) and column (j) indicators. A

reachability matrix was then formed to determine the comparison of row (i) and column (j) based on 0 and 1. To determine the indirect relationship between the dimensions of audit quality, the pairwise comparison of the *i*th component is compared with all elements from the (1+*i*)th to the *n*th. In the next step, the percentage scores of the total level of influence were determined, the results of which are presented in Table 3.

The results in Table 4 showed that 53.84% of the relationships between the pragmatic dimensions of audit quality are direct, and only 7.69% have transitive influence. Based on the results of Table 5, of the total pairwise influence between the components, the percentage of influence of the organizing theme of individual functions in auditing is higher than the other dimensions. To further strengthen the understanding of the research components from the perspective of the MICMAC matrix, each of the research components was placed within this matrix. Based on the determination of the power of influence and dependence, the nodes and the relationship of each

of the research components were analyzed in the form of MICMAC diagram analysis in Table 6. In the independent quadrant, individual functions in auditing have a high dependence power and moderate influence power in the development of audit quality, which can play a more effective role in the field under study, influenced by the other two themes in this quadrant, namely cultural functions and reporting functions in auditing. Subsequently, the basic themes constituting the organizing themes were distributed in the form of a questionnaire among the community under test as 6 groups of effective functions on audit quality.

Table 3: Final Reachability Matrix of the Pragmatic Dimensions of Audit Quality

		culture	Reporting	Individual	Effectiveness	partner	Institutional
		F1	F2	F3	F4	F5	F6
Deployed components of row "i"	culture	F1	1	1	1	1	0
	Reporting	F2	0	1	1	1	1
	Individual	F3	1	1	1	1	1
	Effectiveness	F4	0	1	0	1	1
	partner	F5	0	0	0	0	1
	Institutional	F6	0	0	0	0	1
Deployed components of column "j"							
Direct influence				Transfer effect			

Table 4: Percentage Scores of the Influence Level of the Pragmatic Dimensions of Audit Quality

		Direct	Transferable	interpretive	overall	Overall effectiveness percentage		
Audit quality component	culture	F1	2	1	3	8	20/51	2
	Reporting	F2	3	2	2	7	17/94	4
	Individual	F3	6	0	5	11	28/20	1*
	Effectiveness	F4	4	0	3	7	17/94	3
	partner	F5	2	0	1	3	7/69	5
	Institutional	F6	2	0	1	3	7/69	5
Total		21	3	15	39			
Percent		53/84	7/69	38/46				

Table 5. Determining the power of influence and dependence of pragmatism dimensions of audit quality

		F1	F2	F3	F4	F5	F6	Penetration	
Deployed components of	culture	F1	1	1	1*	1	1	0	5
	Reporting	F2	0	1	1*	1*	1	1	5
	Individual	F3	1	1	1	1	1	1	6
	Effectiveness	F4	0	1	0	1	1	1	4
	partner	F5	0	0	0	0	1	1	2
	Institutional	F6	0	0	0	0	1	1	2
Dependency		2	4	3	4	6	5		
Deployed components of column ""									

Table 6 (MICMAC) placement of research components based on power of influence and dependence

		independent quarter				Linked quarter			
Power of penetration									8
									7
			F3						6
		F1		F2					5
				F4					4
									3
						F5,F6			2
									1
	1	2	3	4	5	6	7	8	
	Autonomy quarter				Dependent quarter				
	Power of dependence								

5. Discussion and Conclusions

The aim of this research was to review the meaning of the concept of audit quality and understand the pragmatic quality, to simultaneously investigate the pragmatic meaning of audit quality from the perspective of auditors, audit committee members and quality control inspectors, to investigate the impact of the set of factors in the audit environment that can affect the perceptions of auditors, audit committee members and quality control inspectors regarding audit quality, to pay attention to other factors affecting audit quality instead of focusing more on the individual characteristics of the auditor and performing the process based on the developed standards, and to find the factors that actually affect audit quality in Iran and which ones lead to an increase or decrease in audit quality. In this research, we have sought to answer the following questions:

In the qualitative part of this study, 5 questions were raised in the following order:

- 1) How is the concept of audit quality understood and applied by key participants in the audit process?
- 2) What are the factors that influence the construction of the practical meaning of audit quality?
- 3) What is the meaning of audit quality?
- 4) What are the quality indicators from the perspective of the audit quality control committee?
- 5) What are the quality indicators from the perspective of the audit committee?

The individual functions in auditing are the most important factors that auditors must consider in their

audit process, such as judgment and opinion rendering. However, individual functions require a certain compatibility of personality with the auditing profession and the acquisition of knowledge in this field in order to benefit from the capabilities and optimal use of auditing experiences, so that they can fulfill their commitments and responsibilities. Although the existence of all these is an ideal aspect for creating a professional auditor, attention and focus on it ensures that the individual functions of auditing are guided in the right direction. Because, as the Financial Reporting Council (FRC) model has emphasized the behavioral and functional aspects of auditors as independent individuals in this field in various clauses, the effective role of auditors in the practical quality of auditing can be considered as the basis for the possibility of providing an auditing opinion in a committed and competent manner. In this component, the 5 dimensions of the auditor's personality, auditing knowledge, auditor's competence, auditor's experience, and auditor's commitment are discussed and theoretically argued as a set of individual level in auditing.

Auditor's Personality- In the field of auditing, like any other profession, there are criteria for job qualifications, and based on that, the job is defined. The auditor's personality, based on defined level, can help the effectiveness of the individual in this role. In the auditing profession, the individual must have emotional stability and internal control as the most important firm level. Because emotion and lack of emotional control can affect the behavioral and functional independence of auditors and cause ethical principles in the auditing profession to be disregarded. On the other hand, the source of internal control in the

auditor is part of the hidden angles that the individual tries to personally take responsibility for success and failure in the auditing profession, and this is nothing other than the level of responsibility in the auditing profession. Where, regardless of external pressures, decision-making is his own responsibility and he is not under the pressure and influence of the environment. Therefore, the compatibility between the level defined in the profession and the behavioral level of auditors, and the creation of consistency between the auditing personality and the individual personality of the auditor, can lead to the strengthening of individual functions in this profession and prepare the ground for the effectiveness of the practical quality of auditing. The result of this section is consistent with the research of Nikbakht and Mahmoudi-Khooshrou (2017), Knechel et al. (2019), Eldaly and Abdel-Kader (2018), Robertson (2021), Robertson and Samy (2020).

The auditor's personality based on defined characteristics can help the effectiveness of the person in this role. The fit between the characteristics defined in the profession with the characteristics of the auditors' behavior and the matching of the audit personality with the individual personality of the auditor can strengthen the individual functions in this profession and prepare the ground for the effectiveness of the pragmatic quality of the audit. Experience has an undeniable effect on the accuracy of the auditor's judgment. Experience creates a structure for the auditor's judgment, which creates decision-making methods and information interpretation. First, more familiarity with the problems and problems of accounting and auditing and the rules governing that industry for the reasons of continuous implementation of its audit and second, the existence of motivation to gain and maintain reputation in the auditing of that group of specific industries. In addition, experienced auditors are better able to identify errors and provide more reliable documentation of material errors and misstatements in financial information (Bostanian, (2008). Also, commitment in auditing is considered a very important and influential issue on the individual decisions of auditors. If an auditor does not have the necessary ethical and functional commitment in the auditing profession, he may lose his professional identity due to the influence of intermediaries and business owners. Referring to researches such as Dharmasiri et al. (2021) and Ziegenfuss and Singhapakdi (1994) confirm the fact that low

professional commitment along with violation of moral values can cause disappointment in a person. The result of this section is consistent with the research of Nikbakht and Mahmoudi-Khooshrou (2017), Knechel et al. (2019), Eldaly and Abdel-Kader (2018), Robertson (2021), Robertson and Samy (2020).

Auditing Knowledge-The auditor must have specialized and general knowledge from the perspective of social communication, understanding of responsibility and professional norms in this field. Part of the auditing knowledge is gradually acquired by passing the mandatory in-service training courses developed by the auditing organization and other relevant organizations, and the other part is realized based on post-service knowledge and through research and acquiring knowledge at the university and postgraduate level. Acquiring knowledge and updating it in auditing is considered an important part of the level of sustainable development of the auditing profession in the individual in a partial manner and in the whole as a transfer of information to the entire auditing profession. Auditing knowledge helps auditors to develop their individual performance in the direction of improving the quality of auditing functions by gaining a more comprehensive understanding of the stakeholders and the responsible dimensions of their profession. Part of these level is acquired from university education in the relevant field, which can strengthen the individual capabilities of auditors in discovering and evaluating documented auditing arguments, and the other part is obtained through research and acquiring the scientific resume of auditors in this field, and provides the ground for the exchange of scientific information in this profession. In-service and post-service training courses that are held in the form of workshops can also increase the auditing knowledge of the individual. The result of this section is consistent with the research of Nikbakht and Mahmoudi-Khooshrou (2017), Knechel et al. (2019), Eldaly and Abdel-Kader (2018), Robertson (2021), Robertson and Samy (2020).

Auditor's Competence-In the auditing profession, competence is an important part of the practical functions in judgment. Human resource competence as a new approach to intrinsic job motivation means liberating the inner forces of employees and providing the grounds and creating opportunities for the flourishing of talents, abilities, and competencies of individuals, which includes the individual's perception

of themselves in the job and profession. Empowerment begins with changing the beliefs, thoughts, and perceptions of employees. Individuals must come to the belief that they have the necessary skills and competence to successfully perform their duties; they can carry out their activities with freedom of action and independence; they have the ability to influence and control job outcomes; they pursue meaningful and valuable job goals, and they are treated honestly and fairly. In general, competent employees have more motivation to observe professional principles and regulations. From the perspective of the code of professional conduct, the goal of the accounting profession is to achieve the best professional principles and regulations, to carry out operations at the highest possible level based on the aforementioned principles and regulations, and ultimately to serve the public interest. Therefore, performing work at the highest possible level requires competent employees (with a high level of personal values). The result of this section is consistent with the research of Nikbakht and Mahmoudi-Khooshrou (2017), Knechel et al. (2019), Eldaly and Abdel-Kader (2018), Robertson (2021), Robertson and Samy (2020).

Auditor's Experience-Experience has an undeniable impact on the accuracy of the auditor's judgment. Experience increases the auditor's ability to process information and develop different solutions in specific situations. Experience creates a structure for the auditor's judgment that leads to decision-making methods and interpretation of information. Experience affects the way items are selected and weighted (Nonahal-e-Nahar (2019)). Benito Arruñada (2004) showed that auditors with specialized expertise in auditing a particular industry have higher audit quality for two main reasons. First, greater familiarity with the accounting and auditing issues and the regulations governing that industry due to the continuous implementation of its auditing, and second, the motivation to acquire and maintain a reputation in auditing that particular group of specific industries. In addition, experienced auditors are better able to identify mistakes and provide more reliable documentation regarding material errors and distortions in financial information (Bostanian, (2008)). Studies conducted by the Canadian Accounting Association (1995) presented a perspective on specialized knowledge, according to which specialized experiences and training produce knowledge, and

knowledge is combined with innate talents to perform auditing tasks. Although auditors who were on average more experienced showed greater efficiency compared to less experienced auditors, innate talents and abilities were also a variable to explain performance. Talents are partly innate and partly acquired. Not all individuals with similar experiences in a field will necessarily have the same problem-solving abilities. In fact, experienced auditors with knowledge who lack problem-solving skills will lack the necessary expertise for some auditing tasks (Maham,2004). The result obtained in this section is consistent with the research of Robertson (2021), Robertson and Samy (2020), Knechel et al. (2019), Eldaly and Abdel-Kader (2018), Nikbakht and Mahmoudi-Khooshrou (2017), and Nonahal-e-Nahar (2019).

Commitment in the Auditing Profession-Commitment in auditing is a very important and influential issue on the individual decision-making of auditors. If an auditor does not have the necessary moral and operational commitment in the auditing profession, due to the influence of intermediaries and clients, they may lose their professional identity and, while losing the necessary critical thinking in the judgment process, deepen the expectation gap between auditors and stakeholders. References to research such as Dharmasiri et al. (2021) and Ziegenfuss, D.E. and Singhapakdi (1994) confirm that low professional commitment along with a violation of ethical values can lead to frustration in the individual. However, in auditing, commitment has a more important role than in other professions in terms of the effectiveness of critical thinking. Because it ensures that the degree of adherence to ethical principles in the auditing profession becomes the basis for making judgments and processes to uncover the operational realities of clients. Commitment, combined with spirituality in any field such as the auditing profession, can control the probability of influence and reduction of individual independence in decision-making, and through commitment to professional values in auditing, use patterns of critical thinking for its judgments. Therefore, commitment in the auditing profession is considered a basis for critical thinking, which can strengthen a more dynamic level of auditing performance through the existence of perceived values in the individual and adherence to ethical principles and spirituality. The result of this section is consistent with the research of Nikbakht and Mahmoudi-

Khooshrou (2017), Knechel et al. (2019), Eldaly and Abdel-Kader (2018), Robertson (2021), Robertson and Samy (2020).

Summary of Findings

This research showed that many of the complex problems of auditing, such as the expectation gap, the interactions between professionalism and commercialism, and the independence of the auditor, are inherent in the nature of auditing performance and have existed in various forms over the decades. While initially, auditing was considered as part of the supervisory solution to maintain investors' confidence in financial statements, it eventually ended up at the end of the legal oversight chain. Although it managed to divert regulatory interventions and move towards commercialism, which ultimately led to scandals in the early 2000s. Since then, a wide range of changes have been made in the application of oversight, but academic literature is doubtful about the effectiveness of regulatory interventions that can solve these long-standing problems of auditing performance (Detzen and Gold, 2021).

Here, the multifaceted nature of audit quality was also shown, and it was emphasized that there is no superior way to measure and evaluate it. The academic literature has extensively conceptualized the concept of audit quality. Good auditing is an auditing process that is well-designed and executed. A process carried out by motivated and trained auditors who understand the inherent uncertainty of auditing and appropriately adapt to the unique circumstances of the client. It should be noted that audit quality is not only influenced by the auditor and the audit firm, but also by the dynamics related to the client, the market, regulatory environment. Regulatory bodies around the world have presented different audit quality frameworks (such as IAASB 2014; PCAOB 2015; NBA 2017) (PCAOB) has provided criteria for audit quality, academic research has shown that regulatory bodies and regulatory environment setters affect different aspects of audit quality. Therefore, there is a different understanding of this concept. As a result, there are different and sometimes conflicting views on what constitutes good audit quality. Therefore, two streams affect audit quality: on the one hand, auditing is a social act consisting of human interactions in a social context. Auditors face difficulties in their daily performance that require the use of their own

judgment, in situations where company policies and procedures may dictate one thing, while their professional judgment may be in the opposite direction. The result of all these interactions is to provide assurance about the client's financial statements. On the other hand, the values, audit culture, regulatory environment, and norms developed in audit firms are transmitted to auditors through a wide range of social control mechanisms. These norms are such that they have a strong impact on the career paths of auditors. Overall, this literature argues that the social and organizational context of auditing has a significant impact on the work, behavior, and judgment of auditors and, consequently, on the practical or pragmatic quality of auditing. In summary, this research was conducted with the aim of increasing awareness of the multifaceted nature of the concept of audit quality. Despite the widespread and conversational use of audit quality, this term does not have a simple definition. Consequently, efforts to improve audit quality should focus on the entire audit performance, i.e., auditors, audit culture, audit partner, implementation processes, institutional functions, reporting functions and effectiveness, and the motivations that affect the services provided by auditors and their quality. While previous academic research has addressed a simple set of criteria. Although this may lead to the creation of complex and difficult definitions of audit quality, it prevents the creation of a binary or high- and low-quality meaning.

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